

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 05858 01 OF 02 151755Z

ACTION EB-07

INFO OCT-01 ISO-00 IO-13 OIC-02 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 XMB-02 OPIC-03 AF-10 ARA-10 EA-07

EUR-12 NEA-10 /144 W

-----072506 151809Z /46

R 151633Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 9248

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 5858

BRUSSELS FOR USEEC AND PARIS FOR USOECD

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT WORKING PARTY ON EXPORT INFLATION INSURANCE (EII)

REF: A. STATE 144599, B. GENEVA 5608

1. SUMMARY: EC AND U.S. WORK OUT SCENARIO FOR SUBJECT WP.

EN SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 05858 01 OF 02 151755Z

2. IN CONTINUING DISCUSSIONS WITH EC, ON EII, EC REP (ABBOTT)

HAS EXPLAINED EC DILEMMA WITH RESPECT TO WP. THE BASIC PROB-

LEM FACING THE EC IS THAT, WHILE THE COMMISSION WOULD LIKE TO

SEE STRONG WP RECOMMENDATIONS CONDEMNING EII, THE EC CAN TAKE

NO POSITION IN THE WP BECAUSE OF THE PLIT OPINION AMONG

ITS NINE MEMBER STATES, SOME OF WHICH MAINTAIN EII AND

SOME OF WHICH DO NOT. ON THE ONE HAND, THE COMMISSION VIEWS THE EII SCHEMES AS INCONSISTENT WITH ARTICLE 113 OF THE TREATY OF ROME AND IS TRYING TO GET THE MEMBER STATES TO DISMANTLE THEM. AT THE SAME TIME, THE EC SPOKESMAN CANNOT LET THE UK AND FRANCE FEND BY THEMSELVES IN THE WP WITHOUT SHOWING SOME SUPPORT. THIS HE HAS DONE BY AVOIDING DISCUSSION OF THE UK AND FRENCH SCHEMES WHILE POINTING AN ACCUSING FINGER AT OTHER POTENTIAL SUBSIDY PRACTICES IN ATTEMPTING TO LINK EXCHANGE RATE GUARANTEE SCHEMES TO EII.

3. AS WASHINGTON IS AWARE, THE COMMISSION FOLLOWS THE PRACTICE IN GATT MEETINGS OF QHWD FOR THE EC AS

AN ENTITY WHILE ALLOWING INDIVIDUAL MEMBER STATES TO SPEAK WHEN THE MATTER UNDER QPRPN CONCERNS THE PRACTICE IN AN INDIVIDUAL MEMBER A (FOR EXAMPLE, WITH RESPECT TO THE PANELS ON THE DISC AND RELATED TAX PRACTICES, FRANCE, THE NETHERLANDS, AND BELGIUM HAVE SPOKEN IN THE COUNCIL IN DEFENSE OF THEIR TAX PRACTICES). IN THE EII WP THIS MEANS THAT THE UK AND FRANCE DEFEND THEIR EII SCHEMES BUT THAT THE EC SPOKESMAN IS RESPONSIBLE FOR DISCUSSIONS CONCERNING THE WP REPORT AND THAT HE WILL NEED TO NEGOTIATE WORDING ACCEPTABLE BOTH TO FRANCE AND THE UK, ON ONE HAND, AND TO THE OTHER EC MEMBERS, ON THE OTHER.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 05858 01 OF 02 151755Z

4. WHAT THIS DILEMMA MEANS FOR THE WP REPORT, ACCORDING TO ABBOTT IS THAT:

A. IT MUST SHOW SOME BALANCE WITH RESPECT TO DISCUSSIONS ON EXCHANGE RATE GUARANTEE SCHEMES, THAT IS, A FEW PARAGRAPHS IN THE BODY OF THE REPORT OUTLINING EC ARGUMENTS, AND REBUTTALS BY OTHER MEMBERS. THE EC WILL ALSO INSIST THAT THE CONCLUSIONS INCLUDE A REFERENCE TO EXCHANGE GUARANTEE SCHEMES, IF ONLY TO REPEAT THE DIFFERENCE OF VIEWS EXPRESSED IN THE WP; AND

B. THE PHRASEOLOGY OF "ALL OF THOSE NOT MAINTAINING EII, "SOME" OF A "MAJORITY" BE CAREFULLY WORKED OUT IN ADVANCE BECAUSE ANY ATTEMPT TO COUNT HEADS IN THE WP COULD BE DIVISIVE FOR THE EC IF WE PROPOSED LANGUAGE THAT FORCED THE MEMBER STATES TO TAKE OPPOSING SIDES.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 05858 02 OF 02 151759Z

ACTION EB-07

INFO OCT-01 ISO-00 IO-13 OIC-02 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 XMB-02 OPIC-03 AF-10 ARA-10 EA-07

EUR-12 NEA-10 /144 W

-----072586 151811Z /46

R 151633Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 9249

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 5858

BRUSSELS FOR USEEC AND PARIS FOR USOECD

5. ABBOTT BELIEVES THE QUESTION OF SELF-FINANCING MAY BE THE MOST DELICATE FOR THE EC SINCE THE UK WILL BE PUSHING FOR CONCLUSIONS THAT SELF-FINANCING SCHEMES ARE GATT CONSISTENT WHILE THE FRENCH WILL NOT ACCEPT SUCH WORDING. WE ARGUED THAT THE BEST WAY TO SOLVE THIS PROBLEM IS TO LEAVE THE ARGUMENTATION ON SELF-FINANCING IN THE BODY OF THE REPORT BUT NOT TO MENTION IT IN THE CONCLUSIONS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 05858 02 OF 02 151759Z

6' WE AND ABBOTT AGREED, GIVEN THE EC DIFFICULTY AND OUR MUTUAL DESIRE TO WRAP UP THE WP AT THE NEXT SESSION, TO ATTEMPT TO DRAFT LANGUAGE ACCEPTABLE TO THE U.S. AND

THE COMMISSION PRIOR TO JULY 25 WHICH HE WOULD THEN UNDERTAKE TO SELL TO THE MEMBER STATES AS A FINAL EC-U.S. COMPROMISE.

7. ACCORDINGLY, IN CONSULTATION WITH THE CHAIRMAN (SELMER OF NORWAY), WE AGREED TO THE FOLLOWING SCENARIO. SELMER WILL DISTRIBUTE THE GATT DRAFT WP REPORT WITHOUT CONCLUSIONS TO THE MAJOR PARTICIPANTS THE WEEK OF JULY 18. DURING THE WEEK, SELMER AND THE SECRETARIAT WILL DRAFT AND DISTRIBUTE TO THE EC AND THE U.S. THE CONCLUSIONS TO THE REPORT AS A BASIS FOR DISCUSSIONS BETWEEN THE TWO PARTIES. (THE U.S. DEL HAS GIVEN SELMER THE WORDING IN PARA 2 OF REFTL AS OUR DESIRED CONCLUSIONS.) WE WOULD THEN AIM AT AGREEMENT BETWEEN THE EC AND THE U.S. ON THESE CONCLUSIONS IN TIME FOR THE EC TO PRESENT THEM TO THE MEMBER STATES AT THEIR COORDINATING MEETING THE MORNING OF JULY 25.

8. ASSUMING SUCCESS IN THIS TACTIC, ABBOTT IS INCLINED TO KEEP HIS INTERVENTION AT JULY 25 MEETING TO A MINIMUM, ALTHOUGH HE CAN'T GUARANTEE THAT THE UK AND FRANCE WILL DO THE SAME WHEN IT COMES TO A DISCUSSION OF THEIR SCHEMES. (AS REF B NOTES, HUNT OF THE UK IS LIKELY TO LAUNCH INTO A DEFENSE OF UK SCHEME ON BASIS OF ITS SELF-FINANCING ASPECT.) VANDEN HEUVEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, EXPORT INSURANCE, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA05858
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770252-0930
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770754/aaaabulk.tel
Line Count: 195
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4452c06a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 144599, 77 GENEVA 5608
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1851809
Secure: OPEN
Status: NATIVE
Subject: GATT WORKING PARTY ON EXPORT INFLATION INSURANCE (EII)
TAGS: ETRD, GATT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4452c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009